



Highlights of [GAO-10-815T](#), a testimony before the Committee on Finance, U.S. Senate.

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

Implications of Caseload and Program Changes for Families and Program Monitoring

Why GAO Did This Study

The Temporary Assistance for Needy Families (TANF) program, created in 1996, is one of the key federal funding streams provided to states to assist women and children in poverty. A critical aspect of TANF has been its focus on employment and self-sufficiency, and the primary means to measure state efforts in this area has been TANF's work participation rate requirements. Legislative changes in 2005 were generally expected to strengthen these work requirements. Given changes in the number of families participating in TANF over time and questions about whether the program is achieving its goals, this testimony draws on previous GAO work to focus on 1) key changes to state welfare programs made in response to TANF and other legislation and their effect on caseload trends; 2) how low-income single-parent families are faring; and 3) how recent developments in state programs and the economy may affect federal monitoring of TANF. To address these issues, in previous work conducted from November 2008 to May 2010, GAO analyzed state data reported to the Department of Health and Human Services; used microsimulation analyses; surveyed state TANF administrators in 50 states and the District of Columbia; interviewed officials in 21 states selected to represent a range of economic conditions and TANF policy decisions; conducted site visits to Florida, Ohio, and Oregon; and reviewed relevant federal laws, regulations, and research.

What GAO Found

Changes states made to their welfare programs as they implemented TANF contributed to a significant decline in program participation, but caseloads are starting to increase in many states. The strong economy of the 1990s, TANF's focus on work, and other factors contributed to increased family incomes and a decline in the number of families poor enough to be eligible for cash assistance. However, research shows that state policies—including TANF work requirements, time limits, and sanction and diversion policies—also contributed to the caseload decline, as fewer eligible families participated in the program. In recent years, states have varied in their response to changes in economic conditions, with caseloads rising in 37 states and falling in 13 states between December 2007 and September 2009, the latest data available when we did our work.

Like TANF recipients, families who left TANF, as well as those who qualified for the program but who did not participate, had low incomes and continued to rely on other government supports. In the years following welfare reform, many of the parents who left cash assistance found employment, and some were better off than they were on welfare, but earnings were typically low and many worked in unstable, low-wage jobs with few benefits. Among eligible families who did not participate, a small subset did not work and had very low incomes.

Efforts to measure states' engagement of TANF recipients in work activities and to monitor states' use of all TANF funds have been of limited use in ensuring accountability for meeting federal TANF goals, according to our analysis. Work participation rates—a key performance measure for TANF, as currently measured and reported, do not appear to be achieving the intended purpose of encouraging states to engage specified proportions of TANF recipients in work activities. In addition, states' decisions to shift their spending from cash assistance to other programs and work supports such as childcare have highlighted gaps in the information available at the federal level on how many families received TANF services and how states used funds to meet TANF goals.

A central feature of the TANF block grant is the flexibility it provides to states to design and implement welfare programs tailored to address their own circumstances, but this flexibility must be balanced with mechanisms to ensure state programs are held accountable for meeting program goals. The limited usefulness of current measures of work participation and the lack of information on how states use funds to aid families and to meet TANF goals hinders decision makers in considering the success of TANF and what trade offs might be involved in any changes to TANF when it is reauthorized.

View [GAO-10-815T](#) or [key components](#). For more information, contact Kay E. Brown at (202) 512-7215 or BrownKE@gao.gov.